

РЕПУБЛИКА МАКЕДОНИЈА
МИНИСТЕРСТВО
ЗА НАДВОРЕШНИ РАБОТИ



REPUBLIC OF MACEDONIA
MINISTRY
OF FOREIGN AFFAIRS

04-37

No. 11-1150/1

The Ministry of Foreign Affairs of Republic of Macedonia presents its compliments to the Embassy of the United States of America in Skopje, and has the honor to acknowledge the receipt of the Embassy's Note No. 2003-006 dated January 15, 2003, which reads as follows:

" The Embassy of the United States of America in Skopje presents its compliments to the Ministry of Foreign Affairs of Republic of Macedonia and has the honor to refer to the discussions between representatives of certain governments ("Participating Creditor Countries") with respect to the recommendations contained in the Terms of Reference on Consolidation of the Debt of the Borrower (the "TOR"), signed by representative of the Government of Republic of Macedonia and the Participating Creditor Countries.

The Embassy would like to propose that the recommendations contained in the TOR be implemented between the Government of the United States of America and the Government of Republic of Macedonia in accordance with the terms and conditions set forth in the attachment to this note. In the attachment, the "Lending State" refers to the Government of the United States of America, and the "Borrowing State" refers to the Republic of Macedonia.

If the foregoing proposal is acceptable to the Government of Republic of Macedonia, this note, including its attachment, and your reply note concurring therein shall constitute an agreement between the Government of the United States of America and the Government of Republic of Macedonia, which shall enter into force upon the written notice to the Government of Republic of Macedonia by the United States that all necessary domestic legal requirements for entry into force have been fulfilled."

The Ministry of Foreign Affairs of Republic of Macedonia has the honor to inform that the Government of Republic of Macedonia accepts the proposals contained in the abovementioned note. Therefore, the Embassy's Note No. 2003-006 from January 15, 2003, including its attachment and this note in reply shall constitute an Agreement between the Government of Republic of Macedonia and the Government of the United States of America. The Government of Republic of Macedonia accepts to receive, at earliest convenience, and not later than February 5, 2003, following the request of the International Monetary Fund a written notice from the Government of the United States of America that all necessary domestic legal requirements for entry into force have been fulfilled.

The Ministry of Foreign Affairs of Republic of Macedonia avails itself of this opportunity to renew to the Embassy of the United States of America in Skopje the assurances of its highest consideration.

Skopje, January 30, 2003

EMBASSY OF THE
UNITED STATES OF AMERICA
SKOPJE



Note No. 2003-006

The Embassy of the United States of America in Skopje presents its compliments to the Ministry of Foreign Affairs of the former Yugoslav Republic of Macedonia in Skopje and has the honor to refer to the discussions between representatives of certain governments ("Participating Creditor Countries") with respect to the recommendations contained in the Terms of Reference on the Consolidation of the Debt of the Borrower (the "TOR"), signed by a representative of the Government of the Former Yugoslav Republic of Macedonia and the Participating Creditor Countries.

The Embassy would like to propose that the recommendations contained in the TOR be implemented between the Government of the United States of America and the Government of the Former Yugoslav Republic of Macedonia in accordance with the terms and conditions set

DIPLOMATIC NOTE

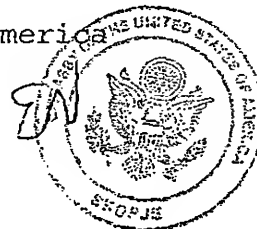
forth in the attachment to this note. In the attachment, the "Lending state" refers to the Government of the United States of America, and the "Borrowing state" refers to the Former Yugoslav Republic of Macedonia.

If the foregoing proposal is acceptable to the Government of the Former Yugoslav Republic of Macedonia, this note, including its attachment, and your reply note concurring therein shall constitute an agreement between the Government of the United States of America and the Government of the Former Yugoslav Republic of Macedonia, which shall enter into force upon written notice to the Former Yugoslav Republic of Macedonia by the United States that all necessary domestic legal requirements for entry into force have been fulfilled.

The Embassy of the United States of America in Skopje avails itself of this opportunity to renew to the Ministry¹ of Foreign Affairs the assurances of its highest consideration.

Embassy of the United States of America

Skopje, January 15, 2002¹



¹ Should read "2003".

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF THE
THE BORROWING STATE REGARDING THE REORGANIZATION
OF CERTAIN DEBTS OWED TO THE UNITED STATES GOVERNMENT AND ITS
AGENCIES

The Government of the United States of America (the "United States") and the Government of the Borrowing State ("The Borrower") agree as follows:

In light of Opinion No. 8 of the Arbitration Commission of the Conference for Peace (July 4, 1992) which expressed the opinion that the process of dissolution of the Socialist Federal Republic of Yugoslavia ("SFRY") is complete and that the SFRY no longer exists and in light of related opinions of the Arbitration Commission and its successor, the Arbitration Commission of the International Conference on the Former Yugoslavia;

Considering the Terms of Reference on the Debt of the Former Yugoslavia agreed at Paris on September 23, 1992 and subsequent developments in the Paris Club;

In accordance with the recommendations contained in the Terms of Reference on Reorganization of the Debt of the Republic of the Borrowing State agreed to on September 11, 2000 ("Terms of Reference") by representatives of certain governments ("Participating Creditor Countries"), including representatives of the United States and the Borrower; and

Recognizing that the Borrower desires to maintain sound and stable financial relations with the United States and considers that accepting an appropriate legal framework for the repayment of certain debts owed to the United States and its Agencies as well as confirming that its legal obligation to repay these debts will contribute to that end;

The United States and the Borrower agree as follows:

ARTICLE I

Application of the Agreement

1. As provided for in this Agreement, the United States and the Borrower agree to reorganize certain payments of the Borrower arising in connection with debts that are owed to, guaranteed or insured by, the United States and its Agencies.
2. With respect to amounts due to the Export-Import Bank of the United States (Eximbank) and the United States Agency for International Development (USAID), these agencies will notify the Borrower of the amounts consolidated and rescheduled hereunder.

ARTICLE II

Responsibility for Certain Debts of the SFRY

The Borrower confirms its liability for the following former SFRY debts:

(1) The debts of the former SFRY: (i) owed or guaranteed by entities located in the territory of the Borrower, including entities of the Borrower, or entities legally authorized to act on the Borrower's behalf, and banks located in the territory of the Borrower; and (ii) owed or guaranteed by the former SFRY, when the final beneficiary of the loan or credit concerned is located in the territory of the Borrower ("Allocated Debt"). Debts owed or guaranteed by former publicly owned legal entities located in the territory of the Borrower, regardless of their present ownership status, are included in this definition of Allocated Debt.

(2) 5.4 percent of debts owed or guaranteed by the former SFRY and not immediately attributable to any successor state of the SFRY ("Non-allocated debt").

ARTICLE III

Definitions

1. "Contracts" means Allocated and Non-allocated debts that are covered in the following agreements or other financial arrangements:

(a) Loans issued and commercial credits guaranteed or insured by the United States and its agencies to or for the former SFRY, which had original maturities of more than one year and were extended pursuant to an agreement concluded before December 2, 1982.

(b) The bilateral debt rescheduling agreement concluded between the United States and the Borrower on September 17, 1997.

A table listing the relevant Contracts to be included under the rescheduling is attached hereto as Annex A.

2. "Agencies" means Eximbank and USAID.

3. "Consolidation Period" means the period from April 1, 1999 through March 31, 2000, inclusive.

4. "Consolidated Debt" means 100 percent of the sum of principal and interest outstanding with respect to the Contracts specified in paragraphs 1(a) and 1(b) of this Article and falling due during the Consolidation Period.

5. "Consolidated Arrears" means 100 percent of the sum of due and unpaid principal and interest as of March 31, 1999 inclusive, including Late Interest, with respect to the Contracts specified in paragraphs 1(a) and 1(b) of this Article.

6. "Late Interest" means, with respect to the Consolidated Arrears, interest charges payable on due, but unpaid, amounts of principal and interest as of March 31, 1999 inclusive.

7. "Interest" means interest payable on the outstanding balance of Consolidated Debt, Consolidated Arrears, and Late Interest in accordance with the terms of this Agreement. Interest shall accrue at the rates set forth in this Agreement beginning on the due dates specified in the Contracts for the payments of principal and interest comprising the Consolidated

Debt, and on April 1, 1999, with respect to Consolidated Arrears and Late Interest.

8. "Additional Interest" means interest accruing at the rates set forth in this Agreement on due but unpaid installments of Consolidated Debt, Consolidated Arrears, Late Interest, and Interest beginning on the respective due dates for such installments as established by this Agreement, and continuing to accrue until such amounts are repaid in full.

9. "Public Sector of The Borrower", with respect to the implementation of the Terms of Reference, shall include enterprises in which the Borrower or its appropriate institutions, alone or together, are directly or indirectly majority shareholders (more than 50%) as of September 11, 2000.

ARTICLE IV

Terms and Conditions of Payment

1. The Borrower agrees to repay the Consolidated Debt and Consolidated Arrears in United States dollars in accordance with the following terms and conditions:

(a) The Consolidated Debt and Consolidated Arrears shall be repaid in ten (10) equal consecutive semi-annual installments on March 31 and September 30 of each year, commencing on March 31, 2001. The payments due March 31, 2001, September 30, 2001 and March 31, 2002 shall be made as soon as possible, but no later than 35 days after signature of this Agreement.

(b) The rate of Interest on Consolidated Debt and Consolidated Arrears shall be the following for the United States and its Agencies:

(i) For Eximbank, the rate of Interest shall be the per annum rate for each Interest Period determined by Ex-Im Bank to be one-half of one percent ($1/2$ of 1%) over the interest rate applicable to U.S. Treasury six-month borrowing which is in effect on the first day of the Interest Period (the Interest is defined in Annex C of this Agreement). For the interest period April 1, 1999 through September 29, 1999, the annual rate shall be 5.25 percent. For the interest period September 30, 1999 through March 30, 2000 the annual rate shall be 5.50 percent. For the period of March 31, 2000 through October 1, 2000 the annual rate shall be 6.375 percent. For the period of October 2, 2000 to March 31, 2001 the annual rate shall be 6.75%. For the period of April 1, 2001 to September 30, 2001 the annual rate shall be 5.125 percent. For the period of October 1, 2001 to March 31, 2002 the annual rate shall be 3.625 percent. For each subsequent Interest Period, Eximbank shall notify the Borrower of the appropriate rate for such period. Annex D provides further explanation of the Eximbank interest rate determination.

(ii) For USAID Direct Loans, the rate of Interest shall be 3.5%.

(c) The Interest on the Consolidated Debt and Consolidated Arrears shall be paid in consecutive semi-annual installments on

March 31 and September 30 of each year, commencing on September 30, 2002.

A table summarizing the amount of Consolidated Debt and Consolidated Arrears owed to the United States and its Agencies is attached hereto as Annex B1 and B2 respectively.

(d) The Interest accrued from April 1, 1999 up to March 31, 2000 inclusive, on Consolidated Debt and Consolidated Arrears shall be capitalized on March 31, 2000 and repaid in ten (10) equal consecutive semi-annual installments on March 31 and September 30 of each year, commencing on March 31, 2001. The payments due March 31, 2001, September 30, 2001 and March 31, 2002 shall be made as soon as possible, but no later than 35 days after signature of this Agreement.

(i) The rate of interest on the Interest capitalized in subparagraph 1(d) of this Article for the United States and its Agencies will be the same as the interest rates stated in Article III, subparagraph 1(b).

(ii) The Interest on Interest capitalized in subparagraph (1)(d) of this Article shall be paid in consecutive semi-annual installments on March 31 and September 30 of each year, commencing on September 30, 2002.

A table summarizing the amount of capitalized Interest owed to the United States and its Agencies is attached hereto as Annex C.

2. Adjustments to the amounts of Consolidated Debt, Consolidated Arrears, Late Interest, and Interest may be made as necessary and as mutually agreed.

ARTICLE V

General Provisions

1. The Borrower agrees to grant the United States and its Agencies treatment on terms no less favorable than that which it has accorded, or may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities.
2. The Borrower will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Terms of Reference for credits of comparable maturities making sure to avoid inequity between different categories of creditors.
3. The Borrower agrees to pay all Consolidated Debt, Consolidated Arrears, Late Interest, Interest, and Additional Interest, if any, to the United States and its Agencies, in United States dollars, without any deductions for taxes, fees or other public charges or any other costs accruing inside or outside The Borrower.
4. The Borrower agrees to pay all debt service outstanding that is owed to, guaranteed by, or insured by the United States or its Agencies. Debt service payments that are not covered by this Agreement shall be paid as soon as possible, but no later than 35 days after signature of this Agreement. Late interest will be charged on these amounts.
5. Except as they may be modified by this Agreement, all terms of the Contracts remain in full force and effect. Internal debt transfers within the former SFRY do not lead to any debtor or guarantor substitution under the Contracts or this Agreement. The original debtors and guarantors remain responsible according to their original commitments.
6. The Borrower will take the relevant administrative measures, or extend existing measures to ensure that private debtors in the territory of the Borrower will be permitted to pay into the Central Bank of the Borrower or its designated agents, the local currency counterpart of their obligations past due or falling due, corresponding to their debts owed to, guaranteed by, or insured by, the United States and its Agencies.

7. The Borrower represents and warrants that it has taken all action necessary or advisable under its laws and regulations to authorize the execution, delivery and performance of this Agreement and that this Agreement constitutes the valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms and for the performance of which the full faith and credit of The Borrower is pledged.

8. With respect to amounts owing to Eximbank under this Agreement, Eximbank and the Borrower (referred to as the "Government" in Annex D hereto) agree to the additional terms and conditions set forth in Annex D.

9. With respect to amounts owing to USAID under this Agreement, USAID and the Borrower (referred to as the "Government" in Annex E hereto) agree to the additional terms and conditions set forth in Annex E.

ARTICLE VI

Suspension, Modification or Termination

1. The United States or the Borrower may suspend or terminate this Agreement by giving sixty (60) days written notice to the other party.
2. This Agreement may be amended or modified by mutual consent of the United States and the Borrower.
3. If the Borrower and the Participating Creditor Countries agree to adjust the percentage of Non-allocated Debt, this Agreement shall be amended to reflect such an adjustment. Such an agreed adjustment shall not affect payments already made pursuant to this Agreement.

Annex A
Contracts Subject to Rescheduling

Export-Import Bank

R-217
R217A
R217B

Agency for International Development

165-B-003
165-B-004
165-B-005R
165-B-006R

Annex B1
Summary of Consolidated Debt
(thousands of US dollars)

| | |
|-------|----------|
| USAID | \$87 |
| EXIM | \$10,253 |
| <hr/> | |
| Total | \$10,340 |

Annex B2
Summary of Consolidated Arrears
(thousands of US dollars)

| | |
|-------|--------|
| USAID | \$ 357 |
| EXIM | \$ 39 |
| Total | \$396 |

Annex C
Summary of capitalized Interest
(thousands of US dollars)

| | |
|-------|--------|
| USAID | \$ 14 |
| EXIM | \$233 |
| Total | \$ 247 |

ANNEX D
ADDITIONAL TERMS AND CONDITIONS WITH RESPECT TO
AMOUNTS OWING TO EXIMBANK

The government of the Borrowing State, (hereinafter referred to as the "Government"), agrees to the following additional terms and conditions with respect to the amounts owing to Eximbank, guaranteed by Eximbank, or insured by Eximbank, pursuant to the attached Agreement between the Lending State and the Government:

A. Definitions.

1. "Interest Period" means with respect to Consolidated Debt, Consolidated Arrears, and Late Interest, a period initially beginning on April 1, 1999, and ending on September 30, 2000, and thereafter beginning on each Interest Payment Date and ending on the day immediately preceding the next succeeding Interest Payment Date.

2. "Interest Payment Date" means March 31 and September 30 of each year with respect to Consolidated Debt, Consolidated Arrears, and Late Interest, provided that in the event any Interest Payment Date is not a Business Day, then the next succeeding Business Day after such Date shall be the Interest Payment Date.

3. "Business Day" means any day on which the Federal Reserve Bank of New York is open for business.

B. Payments.

1. Funds and Place of Payment. All payments to be made by the Government to Eximbank under this Agreement shall be made in United States dollars in immediately available and freely transferable funds to the Federal Reserve Bank of New York for credit to Eximbank's account at the U.S. Treasury Department as identified below or as otherwise directed in writing by the Treasurer-Controller or an Assistant Treasurer-Controller of Eximbank.

U.S. Treasury Department
021030004
TREAS NYC/CTR/
BNF=/AC-4984 OBI=
EXPORT-IMPORT BANK

DUE [DATE] ON EIB REFUNDING CREDIT NO. R-262
FROM THE GOVERNMENT OF THE BORROWER

2. Payment on a Non-Business Day. Whenever any payment falls due on a day which is not a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in the computation of Interest in connection with such payment.

3. Application of Payments. All payments made by the Government to Eximbank under this Agreement shall be applied chronologically (commencing with the oldest) to amounts then due and payable under this Agreement in the following order of priority: (i) to Interest to the extent that any Additional Interest (as hereinafter set forth) due as of the date of payment on such Interest can be satisfied on the amount applied to such Interest, and if applicable, ratably to those installments due on the same date, and (ii) to the principal to the extent that any Additional Interest due as of the date of payment on such principal can be satisfied on the amount applied to such principal, and if applicable, ratably to those installments due on the same date.

4. Prepayments. The Government shall have the right to prepay on any Interest Payment Date all or part of the principal then outstanding under this Agreement; provided that the Government shall have paid all amounts due and payable under this Agreement as of the date of such prepayment, together with Interest which has accrued to the date of prepayment on the amount prepaid. Any such prepayment shall be applied by Eximbank to the outstanding installments of principal in the inverse order of their scheduled maturity, and if applicable, ratably to those installments maturing on the same date.

C. Computation of Interest. Interest shall be computed on the basis of the actual number of days elapsed, using a 365-day year.

D. Additional Interest. If any amount of the principal or Interest owing to Eximbank under this Agreement is not paid in full on the due dates set forth in this Agreement, the Government shall pay to Eximbank on demand Additional Interest on the unpaid amount, accruing from the respective due date until paid in full, computed on the same basis as Interest, at the Interest Rate applicable for each Interest Period during which such amount remains unpaid.

E. Representations. The Government acknowledges that the activities contemplated by this Agreement are commercial in nature rather than governmental or public and agrees that, to the extent that it has or hereafter may acquire immunity from suit, judgment and/or execution, it will not assert or claim any such right of immunity with respect to any action by Eximbank to enforce its obligations under this Agreement.

F. Events of Default. In the event that the Government fails to pay when due (a) any amount owing to Eximbank under this Agreement or (b) any amount owing under any other agreement or instrument in which any indebtedness (whether direct or indirect, contingent or otherwise) of the Government thereunder is owed to, guaranteed or insured, in whole or in part, by Eximbank, then Eximbank, by written notice to the Government, may make immediately due and payable the entire principal amount owing to Eximbank and outstanding under this Agreement, plus accrued Interest and Additional Interest thereon to the date of payment, and all other amounts owing to Eximbank under this Agreement.

G. Miscellaneous Provisions.

1. Disposition of Indebtedness. Eximbank may at any time sell, assign, transfer, negotiate, grant participations in, or otherwise dispose of all or any portion of the indebtedness of the Government outstanding and owing to Eximbank under this Agreement to any party, and any such party shall enjoy all the rights and privileges of Eximbank under this Agreement. In such an event, Eximbank will use its best efforts to notify the Government of its intention to dispose of the debt. The Government shall, at the request of Eximbank, execute and deliver to Eximbank or to such party or parties as Eximbank may designate any and all further instruments as may be necessary or advisable to give full force and effect to such disposition by Eximbank.

2. Expenses. The Government shall pay on demand all reasonable costs and expenses incurred by or charged to Eximbank in connection with or arising out of this Agreement, including without limitation costs and legal fees incurred by or charged to Eximbank in connection with the enforcement of this Agreement.

3. Adjustments. On or about 135 days after the execution of this Agreement, Eximbank shall inform the Government of the actual amounts to be refunded hereunder. The parties hereto

agree to make any necessary adjustments to the amounts being refunded.

4. Communications. All communications between the Government and Eximbank under this Agreement shall be in writing, in the English language (or accompanied by an accurate English translation). All communications to the Government shall be addressed to the Government at the address designated by the Government from time to time in writing to Eximbank; all communications to Eximbank shall be addressed to Eximbank at the following address:

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571
Attention: Treasurer-Controller
Telex: 89461 EXIMBANK WSH
197681 EXIM UT
Facsimile: (202) 565-3890

All communications to the Government shall be addressed to the Government at the following address:

| | |
|---|---|
| To: Stopanska Banka AD-Skopje | CC: Ministry of Finance |
| P.O. Box 582 | International Finance Department |
| 11 Oktomvri 7 | Dame Gruev 14 |
| 1000 Skopje | 1000 Skopje |
| Macedonia | Macedonia |
| Telephone +389 2 465260 | Telephone +389 2 106132 |
| Fax +389 2 114503 | Fax +389 2 106140 |
| E-mail sbank@stb.com.mk | E-mail Andrija.Aleksoski@finance.gov.mk |
| www.stb.com.mk | www.finance.gov.mk |

5. Governing Law. The Eximbank portion of this Agreement shall be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

Annex E

Additional Terms and Conditions with Respect
to Amounts Owing to USAID

A. TERMS AND CONDITIONS OF PAYMENTS

1. Payments. The Government agrees to pay amounts owing to USAID in accordance with the terms and conditions of this Agreement, including this Annex.

2. Funds and Place of Payment. All payments made to USAID by the Government under this Agreement shall be made in United States dollars via electronic funds transfer to the Federal Reserve Bank, 33 Liberty Street, New York, New York 10045. Payment instructions to the Federal Reserve Bank should read:

BNF-/AC-72000001 OBI=(Pay US
Dollars _____
Principal _____ Interest _____
Loan Number _____)

3. Application of Payments. To the extent a payment by the Government is insufficient to satisfy the aggregate amount of principal and interest due, such payment shall be applied first to interest then due, with the remainder, if any, applied to the principal amount of the installment.

4. Prepayments. Any prepayments made pursuant to Article IV that may be applied to installments of principal shall be applied in the inverse order of their maturity if the rescheduled amounts relate to direct loans and in chronological order if the rescheduled amounts relate to obligations under the housing guaranty program.

5. Payments due on non-business days. In the event that a payment is due on a day when the Federal Reserve Bank of New York is closed for business, the payment shall be made on the next succeeding business day. This extension of time shall be included in computing the interest on such payment and excluded from the following interest period, if any.

B. INTEREST

1. Computation of Interest. Interest shall be computed on the basis of the outstanding balance of the loan times the interest rate (annual interest) and dividing by the number of payments per year.

C. GENERAL PROVISIONS

1. Adjustments. Following the execution of this Agreement, USAID shall inform the Government of the actual amounts to be rescheduled hereunder, provide a repayment schedule of those amounts, and notify the Government of the actual applicable interest rate(s). The parties hereto agree to make any necessary adjustments to the amounts being rescheduled under this Agreement and such amounts may be further adjusted, from time to time, as the parties may mutually agree.

2. Future consolidations. If the terms of this Agreement provide for the consolidation period to be extended beyond the initial consolidation period, and provided conditions contained in the Agreement are met, USAID will manage each extended period as a separate loan and identify it with a separate loan number and interest rate. Following notification that the conditions have been met, USAID will inform the Government of the actual amounts to be rescheduled under that consolidation, provide a repayment schedule of those amounts, and notify the Government of the applicable interest rate(s).

3. Communications. All communications between the Government and USAID shall be in writing in the English language (or accompanied by an accurate translation). All communications to the Government shall be addressed as the Government may designate from time to time in writing to USAID. All communications to USAID shall be addressed as follows:

Chief
Office of Financial Management, Loan Management Division
(FM/LM)
USAID

1300 Pennsylvania Avenue, N.W.
Room 2.10.B56
Washington, D.C. 20523
Fax: (202) 216-3541

USAID may change this designated address upon written notice to the Government.

4. Authorized Representatives. The Government shall designate in writing duly authorized representatives permitted to perform any and all actions required under this Agreement and may change its designated representatives by written notice to USAID. USAID may accept the signature of such representatives on any instrument as conclusive evidence that any such action effected by such instrument is authorized by the Government until receipt of written notice of revocation of their authority.

5. a. Event of Default. The failure by the Government to make full payment of any installment when due under this Agreement shall be deemed to be an event of default. Upon the occurrence of an event of default, USAID, at its option, may declare all or any part of unpaid principal and all accrued interest thereon to be due and payable immediately. If the Government pays the defaulted installment, including any Additional Interest which has accrued thereon, within sixty (60) days of the any such declaration, the declaration of an Event of Default will be deemed to have been rescinded.

b. Waivers of Default. No delay in exercising, or omission to exercise, any right accruing to USAID under this Agreement shall be construed as an acquiescence or waiver by USAID of any such right.

6. Notification and Confirmation. USAID will, to the maximum extent practicable, notify the Government of payments due at least fifteen (15) days prior to the due date of each payment. Failure to provide such notice, however, does not excuse failure to make payment when due.

7. Governing Law. The USAID portion of this Agreement will be governed by and construed in accordance with the laws of the District of Columbia, United States of America.

8. Expenses. The Government shall reimburse USAID, upon demand, for all reasonable and documented expenses (including legal fees) incurred by or charged to USAID in connection with or arising out of enforcement of this Agreement.